



OFFICE OF THE FIRST SELECTMAN
TOWN OF BROOKFIELD

REVISED 3/9/16

March 3, 2016

To: Board of Finance
From: Steve Dunn
CC: Dept. Heads; Board of Education; Board of Selectmen; John Barile, Superintendent of Schools

Re: Board of Selectmen Budget Proposal- FY 2016/2017

The Board of Selectman has held budget meetings over the past two weeks. We have met with all of the department heads. Attached please find our budget recommendations. We have also included a revenue budget that we suggest should be used in conjunction with the expense budget.

• **Operating Budget**

○ Municipal Operations	\$17,105,200
○ School Operations	\$40,381,472
○ Debt Servicing	\$4,412,675
○ Capital Projects Financing	\$1,235,774
○ Total Town and School	\$63,135,121

After taking into account revenues, the effect of the grand list and other budget changes, this represents a 2.26% increase in the overall budget compared to the prior year. However, to be prudent, we have included in the budget \$50,000 to be assigned to the general fund.

• **Capital Budget**

○ Assets purchased with Cash	\$1,235,774
○ Short Term Financing	\$176,625
○ Medium Term Financing	\$1,950,095
○ Long Term Financing	\$3,051,750

A number of factors have affected this budget. We have growth in the grand list of 1.3% that will help the town better deal with the increasing demands placed within our budget, while still allowing the town to build our unassigned general fund in the upcoming budget for 2016-17.

The town's original plan to increase the balance in the general fund this year, from the savings we were going to get from the bond refinancing (approximately \$820,000), will not be available to build up the

unassigned fund balance. It has been absorbed to make up the shortfall created in this year's budget, where the town greatly overestimated the revenue the town was going to earn in certain departments. In some cases, revenue for this year was budgeted at 60% higher than the previous year. An example of this are land use fees (building permits, etc.) where revenue has been generated at an average of \$450,000 per year for the past few years but was budgeted to rise to \$750,000 in this year's budget. That has not happened. To date our revenue in Land Use for this category is \$226,978 and for the entire year we project total revenue to come in at \$412,350, leaving a shortfall of \$337,350 as of our 1/29/16 Revenue and Expense report. Due to the budgeting decisions made last year, this revenue shortfall must be made up and a large portion of it will come from the savings we had anticipated getting from the bond reissuance. The Revenue and Expense report provided by our Town Controller has the specific details on all of the changes in our actual numbers versus the budgeted numbers.

Keeping a Triple A rating should be paramount in our deliberations on the budget because our bond rating saves the town money year after year when we bond projects. Our financial advisor has told the Board of Finance that if our rating drops to a Single A, we can expect our funding cost to increase by 40 to 55 basis points. As an example, in a scenario where the town borrowed \$10 million for 20 years, the town would pay approximately \$570,000 more in interest with a single A rating over the life of the bond versus what we would pay with a Triple A rating. If we lose our Triple A rating, it will take years to regain it and, in the interim, we will be paying hundreds of thousands of dollars in extra interest cost until we regain our Triple A rating.

To show our resolve as a town on this subject, the Board of Selectmen is proposing to allocate \$50,000 of the budget shown under our general contingency budget line to the general fund. This is the right thing to do, and will further evidence to the ratings agencies the town's firm commitment to maintaining a strong balance sheet. Secondly, we have reserved \$400,000 in possible expense for potential for employees of the Board of Education to switch to our new health plan. I estimate that, if the town side is representative of how many additional employees will switch to the plan, we will not use all of this \$400,000 to pay for new subscribers to the plan. What is not spent for providing them benefits under the plan can and should be used to increase our general fund balance. Additionally, we have \$924,000 in our self-insured medical account to fund current medical benefits for employees. We are switching to the Ct. Partnership medical plan on April 1. By law we must leave those funds in this account for one year, to pay for residual medical bills that come in during that time to pay for medical bills that were incurred during the period we were self-insured. We have had our consultant do an analysis of this cost and they estimate that the run out (actual payments we will need to make under our current plan) on this will be \$557,000. If that proves to be correct, it will leave \$417,000 in funds that we can and should place in the general fund. Between these three items alone, we can possibly return up to \$867,000 to the general fund within the next fiscal year. While no one can always predict exactly what will happen, I am optimistic that we will be able to make significant inroads into returning our general fund to a healthy balance.

We are also going to propose that we hire a firm to fully investigate the \$3.3 million issue so we can learn exactly what happened with these funds and quickly take steps to prevent it in the future. We will

be working with you, the Board of Finance, to determine the best way to accomplish this goal and to implement that plan as soon as possible. Our residents and taxpayers deserve this and we should provide as much information as possible to inform them of what actually happened.

We will be providing much more detailed information on the changes the Board of Selectmen have made in this budget when we meet, but a few of the highlights are:

Hiring a Purchasing Agent to work for both the Town and the Board of Education. This person will be able to lower our costs for purchases, review and approve new vendors and begin the process of organizing our assets and planning for the future. We will also be asking them to implement a procurement card program to stop the process of individuals using their own credit cards for purchases.

Hiring a Community Development Specialist in our Land Use Department to manage the Zoning Revamp, coordinate the development of the Town Center and moving our applications to the State for the Affordable Moratorium and the Affordable Zoning designation. These two projects will, if successful, stop the rampant overbuilding of affordable housing and will give the town back some control over 8-30 G housing built in town until we meet the minimums set by State law.

Revamping our Zoning laws to meet the town's current needs. Brookfield has the single largest book of zoning laws in the State and desperately needs to have consistent, understandable zoning laws that meet our current needs, especially in the Four Corners area.

Implementing the ViewPermit system, which will allow for faster, more accurate permitting process with the goal of having the permit process placed on line so residents and others can see where their permit is in the process on line.

Reserving funds for a new Fire Truck for the Center Fire Company, a new request. Our Fire Departments have done amazing work in protecting our town and now they are asking for more help in planning for the future. We need to support them.

The Board of Selectmen look forward to working together with the Board of Finance to develop a budget that works for our residents, elevates the level of services the town provides while keeping taxes as low as possible.

Best Regards,

Steve Dunn
First Selectman